

# State of California



## Fair Political Practices Commission

P.O. BOX 807 • SACRAMENTO, 95804 • • • 1100 K STREET BUILDING, SACRAMENTO, 95814

Technical Assistance • • Administration • • Executive/Legal • • Enforcement • • Statements of Economic Interest  
(916) 322-5662 322-5660 322-5901 322-6441 322-6444

March 20, 1985

William P. McNames  
Deputy City Attorney  
City of Garden Grove  
P.O. Box 3070  
Garden Grove, CA 92642

Re: Your Request for Advice  
Our File No. A-85-037

Dear Mr. McNames:

Thank you for your letter requesting written advice on the requirements for reporting individual retirement accounts (IRAs). You specifically requested assistance in explaining to your councilmembers the rationale behind reporting IRAs.

You indicated in your letter that you had received a copy of our January 1985 Bulletin which contained general reporting obligations on IRAs. In that bulletin, we explained that IRAs invested solely in mutual funds registered with the SEC or some other type of investment exempt from disclosure, e.g. treasury bills, savings accounts, would not be reportable.

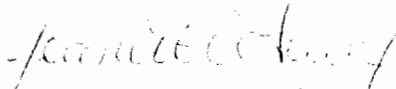
There are; however, certain types of IRAs known as "self-directed" IRAs. With those IRAs, the filer makes the investment decisions, and the interests held by the IRA are of the type that would require disclosure, e.g. common stock, real property. We require disclosure of these interests in a manner similar to that required of interests held through a business entity. A filer must disclose reportable investments or real property held by an IRA if the filer has a 10 percent or greater interest in the IRA.

To provide a further rationale, you can remind your councilmembers that the definition of "investment" includes any financial interest held directly, indirectly or beneficially by the filer or his or her immediate family. (Government Code Section 82034.) Investments held by an IRA in which the filer has a 10 percent or greater interest are held indirectly.

William P. McNames  
March 20, 1985  
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I hope this provides you with the information you need to assist your councilmembers. If I can be of additional help, please feel free to contact me at (916) 322-5901.

Sincerely,

  
Jeanette E. Turvill  
Legal Assistant  
Legal Division

JET:plh



# CITY OF GARDEN GROVE, CALIFORNIA

11391 ACACIA PARKWAY, GARDEN GROVE, CALIFORNIA 92640

MAILING ADDRESS: P.O. BOX 3070, GARDEN GROVE, CALIFORNIA 92642

OFFICE OF THE CITY ATTORNEY  
(714) 638-6881

February 13, 1985

Fair Political Practices Commission  
Legal Division  
P. O. Box 807  
Sacramento, CA 95814

SUBJECT: Individual Retirement Account (IRA) Reporting Requirements  
on Economic Interest Report (Schedule A - Investments)

Gentlemen:

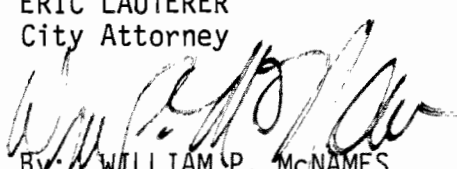
This letter is written pursuant to our conversation of January 24, 1985 regarding the above referenced matter in which you confirmed our research, that the IRA reporting requirements are not set forth in statute, code or regulation. You also advised the reporting requirements would be the subject of a future regulation to be promulgated by the F.P.P.C.

We presently have requests from two City Council members for guidance in their respective Economic Interest Statement Form 730 Schedule A disclosures. Reporting of IRA's may have an impact upon a number of other City personnel, and has and will raise a number of questions from designated employees as to the requirements for reporting IRA's. We, therefore, ask from you written advise on the reporting requirements for purposes of explanation to City Council members, members of various commissions and designated employees, the reasons and rationals underlying the determination as to what interests are reportable or unreportable.

We are presently in receipt of your January 1985 Technical Assistance and Analysis Division Bulletin and Form 730 Schedule A Instructions, attached.

Respectfully,

ERIC LAUTERER  
City Attorney

  
By: WILLIAM P. McNAMES  
Deputy City Attorney

Attachments

51246

## HOW TO VALUE REAL PROPERTY INTERESTS

~~The value of real property is the fair market value (the purchase price of the property plus any appreciation since it was purchased).~~ Previously, the value to be reported was the filer's equity.

## REPORTING INDIVIDUAL RETIREMENT ACCOUNTS (IRAs)

If a filer has an investment interest in an Individual Retirement Account worth more than \$1,000, he/she must report the IRA on Schedule A unless the IRA is totally invested in a mutual fund registered with the SEC or some other type of investment exempt from disclosure on Schedule A. In addition, he/she must report any investment interest worth more than \$1,000 held through the IRA unless:

- the filer's funds are pooled with those of other investors, and
- the filer's interest in the IRA, or in any particular investment interest held by the IRA, is less than 10%.

The filer does not have to report investments held by an IRA if those investments are exempt from disclosure on Schedule A (e.g. insurance policies).

## NEW REQUIREMENT: REPORTING PARTNERSHIPS

If a filer has an investment of more than \$1,000 in a limited or general partnership with 35 or fewer partners and there are only one or two general partners, the filer may be required to list an investment in those general partners as well as listing his/her investment in the partnership. For specific advice, you should contact the FPPC.